

**EXHIBIT B**

**DOCUMENT NUMBER-DATE**

**08388 AUG 17 8**

**FPSC-RECORDS/REPORTING**

# CONFIDENTIAL

Special & Switch Access dollars at risk for 1994 thru 1998.  
Dollars include Interstate and State estimates.  
Data estimate provided June 1993.

A	B	C	Dollars in 000's			
GTE	1994	1995	1996	1997	1998	

3 Dollars reflect GTE nationwide. Florida specific numbers would equate to approximately total amount.

4 1994 dollars revised to since Expanded Interconnection requests have not materialized as quickly as anticipated. (April 1994)

0000001

CONFIDENTIAL

EXPANDED INTERCONNECTION SERVICES - (COLOCATION)

GTE BUDGET ESTIMATE (NATIONWIDE)

	A	B	C	D	E	F
		Revenues	Expense	Capital	Number of Colocators	
	(Previous)					
	4/93 outlook					phys, virt
	1/94 outlook					phys, virt
1						
2						
Current Detailed Outlook 4/94						
3	requests for colocation (physical)					
4	NRC					
5	MRC					
6	est. MRC's					
7	Total					
8	additional requests for colocation (physical)					
9	NRC					
10	MRC					
11	est. MRC's					
12	Total					
13	typical virtual requests					
14	NRC					
15	MRC					
16	est. MRC's					
17	Total					
18	TOTAL					phys, virt

# EXECUTIVE SUMMARY

## — Overview —

A

B

1 This study builds upon the competitive  
2 assessment in Phase I of GTE's strategic  
3 direction effort.

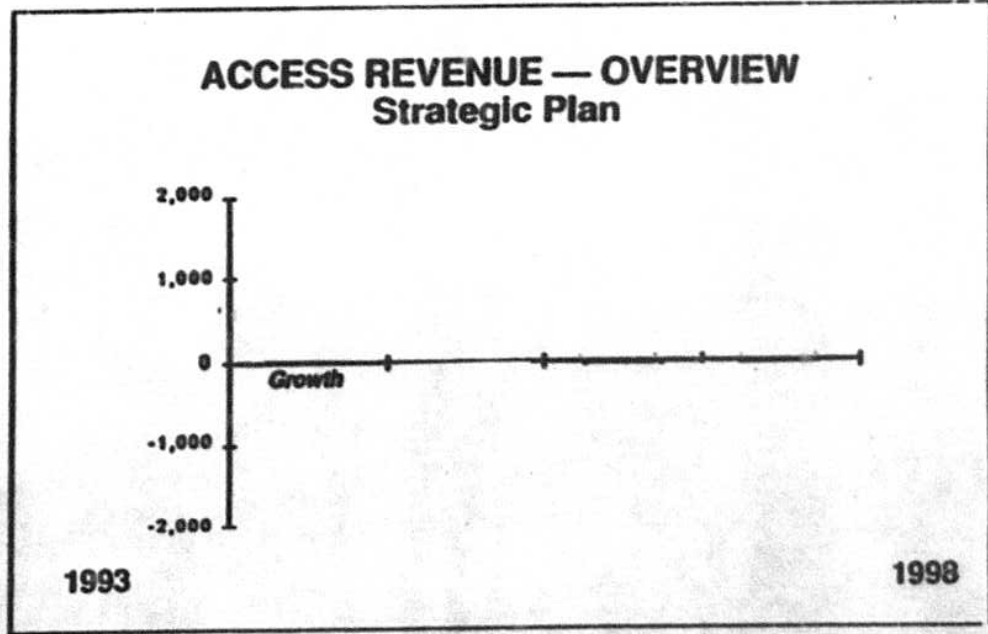
4 The study focuses on competitive access  
5 providers (CAPs) and their impact on GTE  
6 Telephone Operations.

7 Areas of Investigation include:

- 8 .
- 9 .
- 10 .
- 11 .
- 12 .
- 13 .

14 The detail in this package will be used  
15 internally as a tutorial and training aid. Cost  
16 information is proprietary and should not be  
17 copied or disclosed.

- 18
- 19
- 20



Telops access business over Strategic Plan

- growth (approximate per year)
- planned price reductions
- market loss (primarily from colocation)
- 

CONFIDENTIAL

B

# EXECUTIVE SUMMARY

A

C

1 GTE can meet/beat CAPs ongoing costs.

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15

CAP/AV I  
GTE

## INVESTMENT & EXPENSE COMPARISON Total Company GTE California

	<u>GTE "BOOKS"</u>	<u>AVERAGE LRIC</u>	<u>CAPACITY LRIC</u>
Investment			
Expense			
Revenue Requirement			

Source: CA IRD

000000  
16  
17  
18  
19  
20

CONFIDENTIAL

PROPRIETARY

B

# EXECUTIVE SUMMARY

A

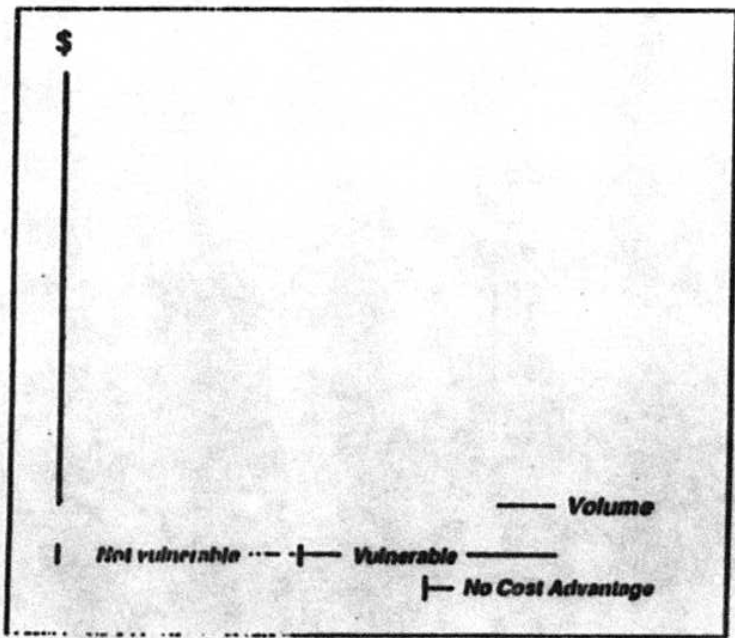
C

CAPs will enter markets where their revenues exceed cost.

Entry (Point A) is between central offices vulnerable. CAPs operating or prospecting central offices. In select offices

In response,

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14



0000017

CONFIDENTIAL

GTE PROPRIETARY

10/10/81

A

B

# EXECUTIVE SUMMARY

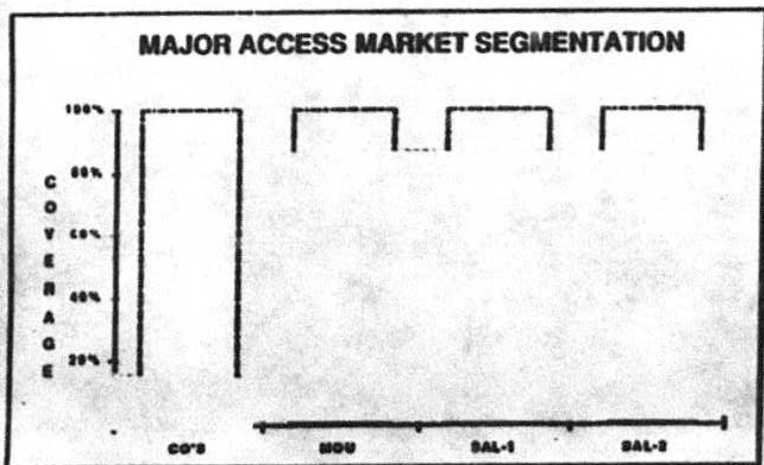
## Competitor Presence — Current Situation

1  
2  
3  
4  
5

- GTE is vulnerable to competitive entry
- central offices have over
- of central offices have over

- CAPs are operating in central offices
- CAPs are operating and/or prospecting in central offices
- CAPs are entering all market segments

6  
7  
8  
9  
10  
12  
13  
14  
15  
16



CENTRAL OFFICES	MARKET SEGMENT
(Growing)	

8100000

GTE PROPRIETARY

CONFIDENTIAL

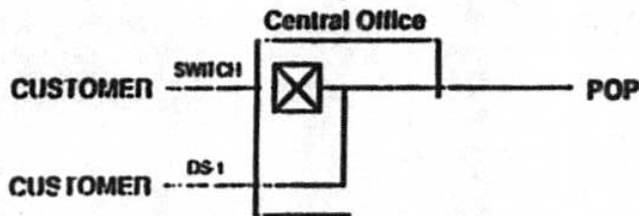
# EXECUTIVE SUMMARY

## — Regulatory Assessment —

A

B

Regulation will continue to open LEC network to competition



States will generally mirror/match federal initiatives.

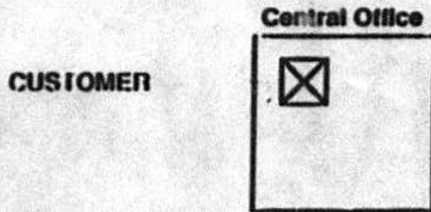
However, be more active in states.

Competitors will continue active role in regulatory process to inhibit GTE's market capability:

⋮

GTE response:

Special and switched transport colocation - vulnerable by



Switched colocation vulnerable by

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19

CONFIDENTIAL

**GTE PROPRIETARY**

11/27/87



# EXECUTIVE SUMMARY

## — Market Share Impact —

A

B

1  
2  
3  
4  
5  
6  
7

Regulatory changes are opening the market to more competition.

35

Even though a market may be open — or vulnerable — to competition,

But,

Market loss assessments (high, medium and low) have been developed.

MARKET EXPOSURE — Access Revenue —					
MARKET EVENT	VULNERABLE MARKET - 1988	MARKET LOSS			STRAT PLAN
		HIGH	MEDIUM	LOW	
CAP Entry					
Special Transport					
Switched Transport					
Switching					
Local Competition					
Network Proliferation					
<b>TOTAL</b>					

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

NOTES:  
Exposure = Worst case - Revenue vulnerable to competition (lowest envisioned competitive thresholds)

0000021

CONFIDENTIAL

**GTE PROPRIETARY**

11/14/88 10:00 AM

A

# SITUATION ASSESSMENT - OVERVIEW

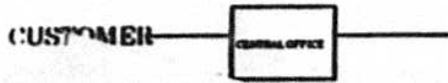
B

C

## CAP MARKET ENTRY

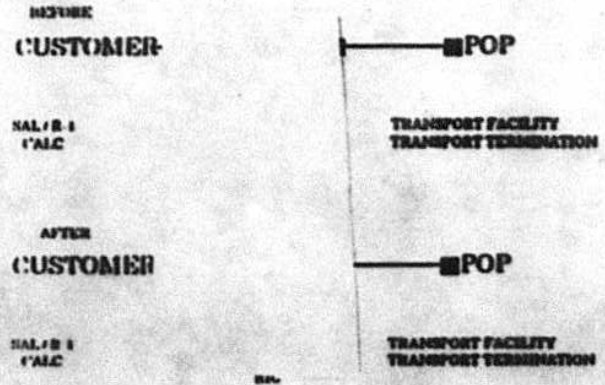
## EXPOSURE

1  
2  
3  
4  
5



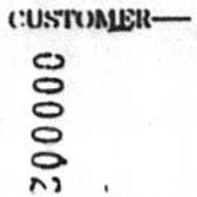
## LOCAL (SWITCHED) TRANSPORT RESTRICTIONS

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17



## SPECIAL ACCESS INTERCONNECTION

18  
19  
20  
21  
22  
23  
24



CONFIDENTIAL

# SITUATION ASSESSMENT - OVERVIEW

A

EXPOSURE

GTE RESPONSE

B

C

SWITCHED ACCESS (TRANSPORT)  
INTERCONNECTION

SWITCHED INTERCONNECTION

LOCAL SERVICE ARBITRARY

CONFIDENTIAL

GTE PROPRIETARY

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

OSC

A

B

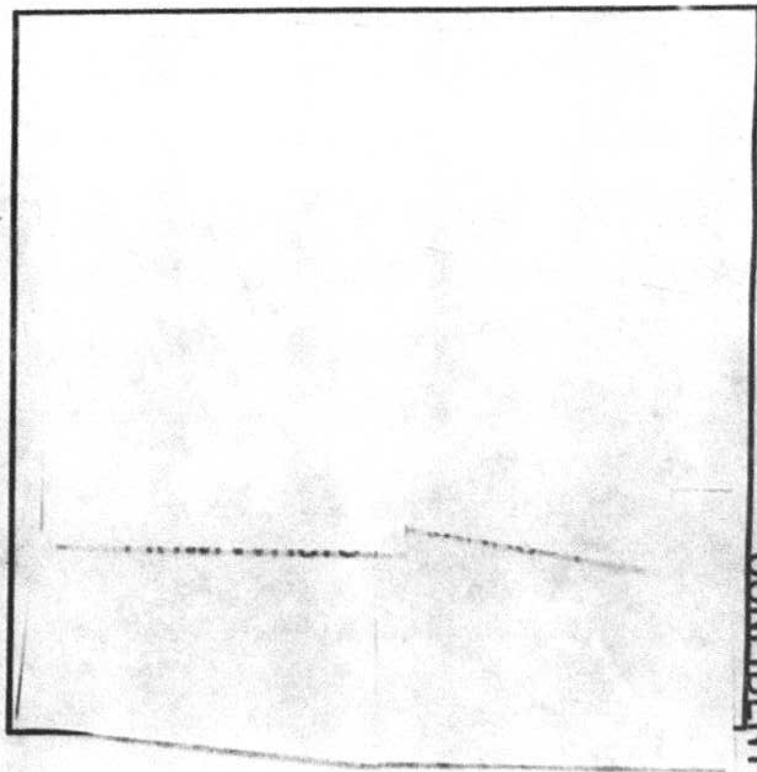
# VERSUS MARKET LOSS

1

2  
3  
4  
5  
6  
7  
8  
9  
10

\$

Volume



CONFIDENTIAL

0000032

GTE PROPRIETARY

...

A

B

C

1 **INVESTMENT & EXPENSE EXPOSURE**  
 2 **Total Company GTE California**

	<u>GTE "BOOKS"</u>	<u>AVERAGE LRIC</u>	<u>CAPACITY LRIC</u>
3 <b>Investment</b>	\$	\$	\$
4 <b>Expense</b>	\$	\$	\$
5 <b>Revenue Requirement</b>	\$	\$	\$

6 **GTE challenge**

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

Source: CA IRD

**PROPRIETARY**

CONFIDENTIAL